

Topic: CO Outpatient Rate Reform

Date: Every Tuesday, from Tuesday, March 11, 2014 to Tuesday, March 18, 2014

Time: 2:00 pm, Mountain Daylight Time (Denver, GMT-06:00)

Meeting Number: 769 860 737

Meeting Password: stakeholder

To join the online meeting (Now from mobile devices!)

1. Go to <https://pcgus.webex.com/pcgus/j.php?MTID=m676f21aaccf4a104e4c78f23181447ff>
2. If requested, enter your name and email address.
3. If a password is required, enter the meeting password: stakeholder
4. Click "Join".
5. Follow the instructions that appear on your screen.

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To join the audio conference only

To receive a call back, provide your phone number when you join the meeting, or call the number below and enter the access code.

Call-in toll-free number (US/Canada): 1-877-668-4493

Call-in toll number (US/Canada): 1-650-479-3208

Toll-free dialing restrictions: http://www.webex.com/pdf/tollfree_restrictions.pdf

Access code: 769 860 737

Colorado Department of Health Care Policy and Financing Outpatient Hospital Rate Reform

Stakeholder Meeting

March 11, 2014





Agenda

- Stakeholder Timeline
- Department Recommendations
 - Goals of Selecting a Prospective Payment Methodology
 - EAPG Benefits
 - Financial Implications
- Discussion
- Next Steps
- Contact Information



Stakeholder Decision Making Timeline

Tentative OP Rate Reform Timeline (For Discussion Purposes Only)

Dec 2013

Jan 2014

Feb & March 2014

Goals

Determine Department's intention to use 1293 money to overhaul payment for outpatient hospital services.

December 2013

Put together a workgroup with a mixed representation of hospitals.

Goals

Demonstrate which grouper is the best option through analyzing the feedback received through outreach efforts.

January 7, 2014

2014-15 OP Rate Reform Kickoff Meeting

Discuss options currently available (pros and cons) on at least 3 options (payment based on a % of charges is not an option) and present PCG's recommendation.

January 21, 2014

Gather feedback from the hospitals regarding what methodologies are currently available.

Goals

Select and communicate the chosen methodology.

February 4, 2014

Determine the new payment methodology (prospective) based on the support of the majority and PCG's recommendations.

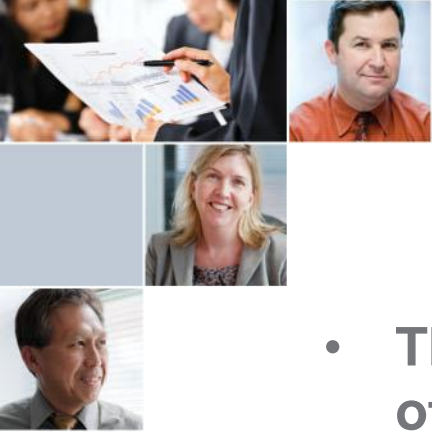
March 11, 2014*

Communicate to all the hospitals the selection (provider bulletins, etc).

March 18, 2014*

Wrap up

*Please note the changes to the timeline. We have moved the last two meeting dates in our previous timeline to account and make room for additional provider suggestions. Both meetings will be held at 2:00 MDT.



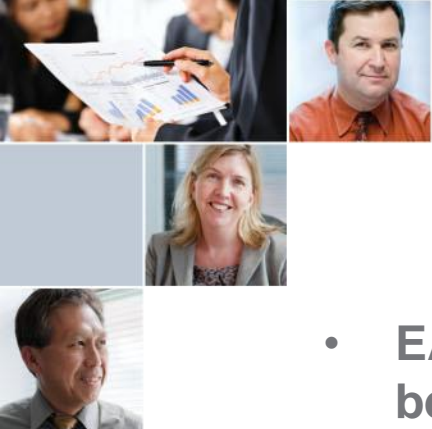
Department Recommendation

- **The Department is recommending the implementation of the EAPG payment methodology for outpatient hospital services**
- The Department believes EAPGs:
 - To be the most useful and value-driven prospective payment reimbursement system for outpatient hospital services.
 - Achieve the goals of the implementation of a new outpatient hospital reimbursement:
 - More accurately classifying the full range of outpatient service episodes
 - More accurately accounting for the intensity of services provided
 - Motivating outpatient service providers to increase efficiencies
- The Department also took into consideration:
 - PCG and 3M analysis of EAPG and APC systems
 - Feedback from key stakeholders



EAPG Benefits

- **Standardized Payment**
 - Episodic reimbursement system that does not differentiate reimbursement simply due to differences in cost structures
- **Adjusts Payments Based Upon Resource Use**
 - Reimbursement varies depending upon the service and expected resources required for the procedure performed;
- **Payment Transparency**
 - Enhances payment transparency
- **Recognizes Efficiencies**
 - Recognizes efficiencies through built-in packaging and discounting.



EAPG Benefits

- **EAPGs address the needs of Colorado Medicaid beneficiaries.**
 - The APC system was designed by Medicare for purposes of Medicare reimbursement.
 - The health needs of the Medicare population differ greatly from those of the Medicaid population.
 - EAPGs were designed to address all patient populations, including the Medicaid population.
- **EAPGs reimburse hospitals based on the types of services being provided**
 - EAPGs reimburse providers more accurately for the level of care provided to patients by using the primary diagnosis code, secondary diagnosis codes, and procedure codes on a claim to determine the payment.
 - This adds clinical definition and meaning to the outpatient hospital reimbursement system in Colorado.



EAPG Benefits

- **EAPGs leverage data already submitted to the Department Medicaid on claim forms.**
 - EAPGs are assigned using diagnosis and procedure codes submitted on a typical claim form.
 - Minimized administrative burden to hospitals related to the implementation of the EAPG system.
- **EAPGs are suitable for any outpatient setting.**
 - Not only can EAPGs be implemented and utilized for outpatient hospital reimbursement, the Department can also consider implementing EAPGs for
 - free-standing ambulatory surgery centers (ASCs),
 - clinics,
 - dialysis centers
 - other ambulatory care settings.



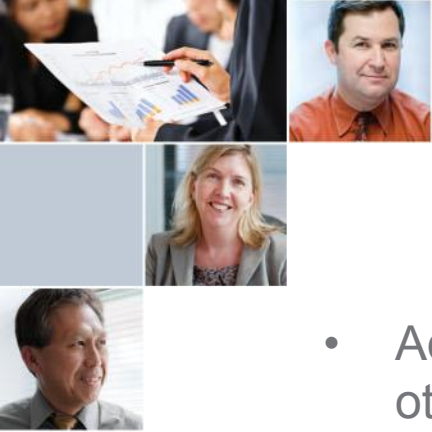
EAPG Benefits

- **EAPGs cover the full spectrum of outpatient services.**
 - The EAPG system has the capability to accommodate all possible services provided in the outpatient hospital setting.
 - This can lead to ease of implementation and understanding for both the Department and Colorado hospitals.
- **EAPGs will increase fairness of payments made to providers and control over budget plans.**
 - Every line of an outpatient hospital claim is addressed through the EAPG system.
 - Each line is assigned an EAPG and a corresponding standard weight.
 - Different hospitals will be reimbursed similarly for similar services.
 - As a prospective payment system, there will be no future cost reconciliation process.
 - The need for recoupments is eliminated facilitating budget estimations by providers and the Department.



EAPG Benefits

- **EAPGs will give the Department more clinically meaningful data.**
 - Moving towards a clinically meaningful payment methodology for outpatient hospital services based on diagnosis and procedure codes will allow for more appropriate payment to providers.
 - Better data will also allow the Department and providers to complete more thorough data analysis for data driven policy changes.
 - Better data availability will help on designing or adopting successful payment for performance policies used by other payers.



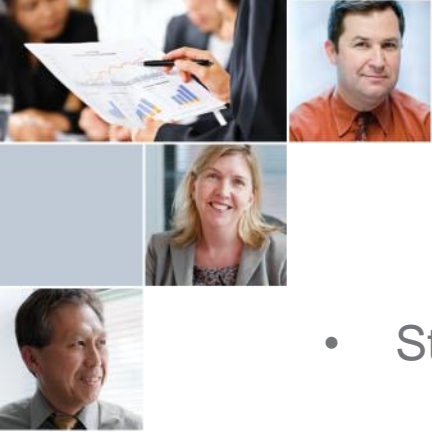
EAPG Benefits

- Additionally, as a 3M™ product, the EAPG system interfaces with other 3M™ tools that can be used to identify potentially preventable events.
- The Department may wish to implement these tools in the future, for reporting and/or payment purposes. These Population Focused Preventable tools include:
 - Potentially Preventable Emergency Department Visits,
 - Potentially Preventable Ancillary Services, and
 - Potentially Preventable Initial Admissions.



Financial Implications

- The goal of the implementation of the EAPG methodology is to be budget neutral.
- The Department does not intend to implement EAPG's as a mechanism to reduce outpatient hospital spending in the aggregate.
- Individual hospitals may experience a decrease (or an increase) in their annual outpatient hospital reimbursement. Such redistribution of funding is not unexpected when changing the reimbursement methodology.
- The Department expects to work collaboratively with providers and stakeholders to mitigate large swings and address payment and other policy concerns.



Discussion

- Stakeholder feedback





Next Steps

- Final recommendations from the Department, PCG, and Stakeholders on new Outpatient Payment methodology.
- Hospital communication



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